

## Message Text

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ORIGIN PM-05

INFO OCT-01 AF-10 NEA-10 ISO-00 L-03 CIAE-00 INR-10  
NSAE-00 SIG-03 MMO-01 SP-02 TRSE-00 OMB-01 AID-05  
HA-05 /056 R

DRAFTED BY PM/SAS:COCECIL:RG  
APPROVED BY PM/SAS:ASKOCHANЕК  
AF/E:KWAUCHOPE  
L/PM:TBOREK (SUBS)  
DOD/DSAA:GRUDD  
NEA/ARP:BBODINE

-----020060 051651Z /11

R 051134Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KHARTOUM  
INFO AMEMBASSY JIDDA  
SECDEF WASHDC 0673  
DA WASHDC  
USAF WASHDC  
CDRUSASAC ALEX VA  
USCINCEUR VAIHINGEN GE

C O N F I D E N T I A L STATE 169148

E.O. 11652: GDS

TAGS: MASS, SU

SUBJECT:SALE OF FIELD ENGINEERING EQUIPMENT TO SUDAN

REF: (A) KHARTOUM 2002 (B) KHARTOUM 1758  
(C) 77 STATE 195932 (D) STATE 167135

1. USASAC HAS PROVIDED P AND A DATA FOR PORTION OF FIELD  
ENGINEERING EQUIPMENT AND STILL MUST FURNISH INFO ON WHEELED  
AND TRACKED EQUIPMENT. REF A NOTES SUDANESE INTEREST  
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IN FASTEST HANDLING OF THEIR REQUEST. IN THIS REGARD,  
WHEN GOS MAKES A DECISION TO BUY THEY SHOULD IMMEDIATELY  
SUBMIT FORMAL LOA REQUEST. IF REQUIRED TO EXPLAIN TERMS  
AND CONDITIONS OF LOA'S, DEFENSE IS PREPARED TO TASK  
USASAC TO SEND REPRESENTATIVE TO KHARTOUM AT USG EXPENSE.  
THIS REPRESENTATIVE WOULD NOT, HOWEVER, BE A SPECIALIST  
IN FIELD ENGINEERING EQUIPMENT. IF GOS DESIRES ADVICE ON

TECHNICAL ELEMENTS OF ENGINEERING EQUIPMENT CHARACTERISTICS, PERFORMANCE CAPABILITIES, MAINTENANCE REQUIREMENTS, ETC., PROVISION OF THIS ADVICE CONSTITUTES PROVISION OF DEFENSE SERVICES, FOR WHICH GOS WOULD BE REQUIRED TO FUND SEPARATE LOA. ALTERNATIVE WOULD BE FOR GOS TO SEND QUALIFIED ENGINEERING TEAM TO WASHINGTON AT GOS EXPENSE TO DISCUSS NEEDS AND EQUIPMENT CHARACTERISTICS.

2. CONCERNING EMBASSY REQUEST TO CLARIFY WHETHER PEACE PILLAR FUNDS CAN LEGALLY BE APPLIED TO PURCHASE OF FIELD ENGINEERING EQUIPMENT, ANSWER IS THAT A PURCHASING COUNTRY MAY NORMALLY SHIFT FUNDS FROM ONE FMS CASE TO ANOTHER, SINCE IT IS PROVIDING THE FINANCING. IN THIS INSTANCE, WHERE FMS PAYMENTS FOR THE C-130 PROGRAM ARE BEING PROVIDED BY SAUDI ARABIA, REQUEST TO TRANSFER MUST BE MADE BOTH BY SUDAN AND SAUDI ARABIA. IF GOS CAN OBTAIN FROM SAG WRITTEN STATEMENT THAT SAG REQUESTS--OR AT MINIMUM HAS NO OBJECTION TO--TRANSFER OF FUNDS FROM CASE SAA TO A NEW CASE TO BE ESTABLISHED FOR FIELD ENGINEERING EQUIPMENT, AND IF SAG WILL AGREE TO GUARANTEE PAYMENTS FOR BOTH C-130 AND ENGINEERING PROGRAMS WE WILL EFFECT TRANSFER SUBJECT TO AVAILABILITY OF FUNDS. SINCE GOS CANNOT AVOID OBTAINING SAUDI CONCURRENCE TO UTILIZE FUNDS INTENDED FOR C-130 CASE, IT WOULD BE PREFERABLE TO SEEK A DIRECT SAUDI GUARANTY OF FIELD ENGINEERING CASE (ASSUMING GOS UNABLE TO FUND PURCHASE FROM ITS OWN RESOURCES), WITHOUT LINKING  
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TWO CASES WHICH ARE IN FACT UNRELATED. IF GOS WISHES TO SEEK SAUDI FINANCING, GOS SHOULD OBTAIN NOTE FROM SAUDIS SIMILAR TO THAT CONTAINED PARA 3, REF D.

3. FYI: IT IS IMPORTANT TO UNDERSTAND THAT THERE IS NO RPT NO \$3.5 MILLION SURPLUS IN PEACE PILLAR ACCOUNT AT PRESENT TIME. FUNDS ARE PAID INTO ACCOUNT IN ACCORDANCE WITH LOA PAYMENT SCHEDULE. ALTHOUGH POSSIBILITY OF SOME UNUSED SURPLUS AT END OF CASE EXISTS, THIS IS IMPOSSIBLE TO PREDICT WITH CERTAINTY AT PRESENT TIME. AS PROGRAM NEARS COMPLETION, IF IT SHOULD BECOME CLEAR THAT COSTS WILL BE SIGNIFICANTLY BELOW ORIGINAL ESTIMATE, USAF WOULD REVISE PROGRAM COST DOWNWARD, A CONDITION WHICH WOULD BE REFLECTED ON REVISED BILLING STATEMENTS. SAUDIS, AS SOURCE OF FUNDS FOR PEACE PILLAR FMS CASE, WOULD ALSO RECEIVE REVISED BILLING STATEMENT AND WOULD PRESUMABLY REDUCE THEIR PAYMENTS INTO PROGRAM ACCORDINGLY. SALES CONTRACTS, REFLECTING US LAW, REQUIRE THAT PURCHASER MAKE PAYMENT, ON DEMAND, TO COVER FINANCIAL REQUIREMENTS (E.G., PROGRESS PAYMENTS) OF ALL ACCEPTED LOAS. ALTHOUGH WE WOULD EFFECT TRANSFER IF GOS SHOULD SUCCEED IN OBTAINING WRITTEN SAUDI CONSENT, AN ATTEMPT TO USE FUNDS

PRESENTLY IN PEACE PILLAR PROGRAM TRUST FUND TO MAKE  
INITIAL PAYMENT AND SUBSEQUENT PROGRESS PAYMENTS ON A FIELD  
ENGINEERING LOA COULD RESULT IN GOS DELINQUENCY ON BOTH  
PROGRAMS IF CONCURRENT PAYMENT SCHEDULES SHOULD AT ANY  
TIME REQUIRE DRAWDOWN OF FUNDS IN EXCESS OF THOSE IN PEACE  
PILLAR ACCOUNT AT THAT TIME. FOR THIS REASON, WE BELIEVE  
SUCH TRANSFER HIGHLY INADVISABLE, END FYI.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EQUIPMENT, ENGINEERING, MILITARY SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Enclosure:** n/a  
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**Original Previous Classification:** n/a  
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**Status:** NATIVE  
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**TAGS:** MASS, SU  
**To:** KHARTOUM  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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